



# North Carolina District Review

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The *District Review* is available via e-mail or fax. To receive via e-mail, visit [www.sba.gov](http://www.sba.gov) and click on 'Subscriptions.' To receive via fax, notify Cecelia Rolls by phone at 704-344-6810, by fax at 704-344-6769 or e-mail at [cecelia.rolls@sba.gov](mailto:cecelia.rolls@sba.gov).

## **LENDER RANKINGS – FY2003 YTD**

**October 1, 2002 – April 30, 2003**

### **LENDERS**

<u>LENDERS</u>	No. of Loans			\$ Amount <u>Millions</u>
	<u>7(a)</u>	<u>504</u>	<u>Total</u>	
<b>Large Banks</b>				
1. Bank of America	132	0	132	\$3.8
2. First Citizens Bank & Trust Company	21	9	30	\$5.9
3. Capital One Bank	28	0	28	\$1.2
4. Branch Bank & Trust Company	6	14	20	\$8.4
5. Wachovia Bank	16	1	17	\$5.7
<b>Community Banks</b>				
1. Surrey Bank & Trust Company	15	0	15	\$3.7
2. First Commerce Bank	7	3	10	\$1.4
3. Capital Bank	9	0	9	\$2.2
4. Four Oaks Bank & Trust Company	8	0	8	\$1.3
5. Southern Bank & Trust Company	7	0	7	\$1.0
<b>Small Business Lending Companies</b>				
1. Self-Help Credit Union	21	1	22	\$2.1
2. CIT Small Business Lending Corporation	18	0	18	\$8.3
3. G.E. Capital Small Business Financing	4	2	6	\$5.0
3. Business Loan Center, Inc.	6	0	6	\$4.5
<b>Certified Development Companies</b>				
1. Self-Help Ventures Fund		21	21	\$11.1
2. Charlotte Certified Development Corporation		11	11	\$3.4
3. Wilmington Industrial Development Corporation		6	6	\$1.8

## **SBA ANNOUNCES 2003 SMALL BUSINESS AWARD WINNERS**

The U.S. Small Business Administration (SBA) has named the *North Carolina Small Business Person of the Year* for 2003, as well as other Small Business Advocate award winners during ceremonies held around the state. Congratulations to all the winners.

<b>Small Business Person of the Year</b>	<b>Greg Fornelli</b>	<b>Mooreville</b>	<b>Stock Car Steel &amp; Aluminum</b>
Women in Business Advocate	Ellen Solomon	Raleigh	Strategic Change, Inc.
Financial Services Advocate	Greg Taylor	Fayetteville	Cape Fear SBTDC
Veteran Small Business Advocate	Ron Duffer	Fayetteville	Cape Fear SBTDC

## **SBA OFFICE OF ADVOCACY ISSUES RELEASE “SMALL BUSINESS LENDING PROFITABLE FOR BANKS”**

Banks that specialize in small business lending, including large holding companies, show more return on equity than their counterparts. This finding, which contradicts the conventional wisdom that large bank holding companies find small business lending a less profitable operation, was presented May 8, 2003, to the Federal Reserve Bank of Chicago’s 39th Annual Conference on Bank Structure and Competition. To read this release and other news issued by SBA’s Office of Advocacy, visit <http://www.sba.gov/news/indexadvocacy.html>.

## **MONTHLY LENDER WORKSHOP**

The NC District Office conducts Lender Workshops from 9:00 a.m. until 12:15 p.m. on the second Tuesday of each month at the Charlotte office. The workshops focus on SBA Loan Programs and borrower eligibility. Walk-ins are welcome, but the presenter appreciates knowing if you are planning to come. Call Gary Borchardt at (704)344-6377 to register. Also, if you would like to have the same group training on-site at your bank, please call to schedule.

## **SBA ANNOUNCES LICENSING OF SMALL BUSINESS INVESTMENT COMPANY IN RALEIGH**

Dogwood Equity, management group of the North Carolina Economic Opportunities Fund, has been licensed as an SBA Small Business Investment Company (SBIC) in North Carolina.

North Carolina SBA District Director, Lee Cornelison presented Dogwood Equity with their SBIC License at Dogwood Equity’s first annual meeting reception on Wednesday, May 14, 2003, at the Capital City Club in Raleigh.

Dogwood Equity focuses its investment in non-metropolitan North Carolina, all counties except Mecklenburg, Wake, Durham, Orange, Guilford, and Forsyth. The fund, which currently manages approximately \$75 million, will make investments ranging from \$500,000 to \$5 million. They have received over 250 business plans.

This brings the total number of North Carolina SBA licensed Small Business Investment Companies to 12.

## **POLICY CHANGES AND CLARIFICATIONS**

### **1502 Reporting System Modifications**

All 7(a) “term” loans must be fully disbursed within the timeframe specified in the Loan Authorization (in the absence of any “adverse conditions”) or within the approved extension period. All disbursement transactions are reported using the 1502 Guaranty Loan Reporting system. New edits have been established in the two systems to help to prevent erroneous disbursement transactions. Any outstanding balances will automatically be cancelled after notification to the lender and the office servicing the loan. For specific time lines and other important information, visit <http://www.sba.gov/banking> and click on NOTICES.

### **Modified Procedures for SBAExpress**

The SBA continues to work with its lending partners to revise and enhance the SBAExpress program and to ensure it fits as seamlessly as possible with lenders’ standard loan practices. These efforts are intended to reduce the paperwork, procedures, and costs associated with small SBA loans and to increase the number of those loans approved by SBA lenders.

The Agency is modifying and clarifying its interest rate requirements for SBAExpress. SBAExpress lenders are now authorized to establish their own base rate for variable rate SBAExpress loans, so long as their overall effective rate for these loans does not exceed the Wall Street Journal Prime rate by 6.5 percent for loans of \$50,000 or less and by 4.5 percent for loans over \$50,000 up to \$250,000, regardless of the maturity of the loan.

Lenders may also adjust their interest rates on variable rate SBAExpress loans at their discretion, which could be more frequently than monthly, but the adjustments must be consistent with the frequency of their adjustments for similar non-SBA guaranteed loans.

However, loans with interest rate adjustments more frequently than monthly, with base rates other than the prime rate (as published daily in a national financial newspaper) or using SBA’s Optional Peg Rate cannot be sold on the secondary market.

To streamline the SBAExpress loan product, the Agency is beginning to accept electronic transmission of SBAExpress loans from a limited number of lenders. This initiative is expected to significantly expedite and reduce the cost of processing SBAExpress loans for the Agency and for its lending partners. Eventually all SBAExpress loans will be transmitted to the SBA electronically. For details, visit <http://www.sba.gov/banking> and click on NOTICES.

### Updated SBA Loan Authorizations and Wizards

SBA annually reviews, updates and refines National Authorizations and corresponding Wizards. These provide SBA personnel and Lenders with an automated tool to use when preparing required Authorizations for SBA loans. SBA has modified the four National Authorization Boilerplates and their corresponding Wizards. The list of changes pertaining to each Boilerplate is available in the 'What's New' section of the National Authorization Boilerplate. The Boilerplate and the list of new features in the Wizard are available from 'Wizard Help' on the MS-Word tool bar.

The updated National Authorization Boilerplates and corresponding Wizards are Version 4.3 of the National 7(a) Authorization, Version 1.5 of the National CAPLines Authorization, Version 1.4 of the National EWCP Authorization, and Version 4.2 of the National 504 Authorization.

Beginning May 5, 2003, SBA field offices must begin using these revised authorizations for all loans they prepare. Beginning June 5, 2003, PLP lenders must begin using these revised authorizations for all loans they prepare. Beginning June 5, 2003, all PCLP CDCs and any CDC producing draft authorizations must begin using Version 4.2 of the National 504 Authorization.

The answers to technical questions related to accessing and using the Wizards can be found in SBA Notices 5000-796 (7a), 797 (EWCP), 798 (CAPLines) and 799 (504). These notices can be accessed at <http://www.sba.gov/banking/indexnotices.html>.

### **LENDERS SBA WEB SITE – “www.sba.gov/banking”**

SBA website contains complete information on all SBA loan programs, all SBA forms, Policy and Procedural Notices, SBA Regulations and Standard Operating Procedures. You also will find the standardized 7(a) Loan Authorization and information on 1502 reporting procedures. This is intended to be a one-stop site; however if other information is needed or would be beneficial to the lending community, please let us know.

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